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Unscrewing the Inscrutable

THAT ERUDITE Boston bank president, Lawrence H. Martin of the National Shawmut Bank of Boston, recently decided to take on the somewhat difficult task of debunking the United States Central Intelligence Agency on so-called growth in the United States versus that in the Soviet Union.

Mr. Martin's forum was his delivery of the Wellington Burnham lecture at Northeastern University in Boston. The Burnham lectures are one of those endowed things which have the laudable purpose of "informing students of the importance of a knowledge of the fundamentals of economics, its effects on their daily lives and their relations to their employers and their government." In current education these principles are quite neglected and almost any school graduate is distinguished for his lack of even elementary economics education.

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IT MAY BE recalled that the CIA attained evanescent attention relatively recently by a broadside in which it estimated Soviet national income had grown in 1962 and 1963 at the extremely low rate of 2½ per cent and that Soviet gold production and Soviet stocks of gold were far less than generally accepted estimates.

After this unusual press conference in January the CIA retreated back into its ivory tower with more or less vague regrets that it had ever come out of that place. There were no statistics or other information to substantiate its revelations and most experienced newspapermen therefore viewed the revelations as propaganda or "maybe" news.

Mr. Martin has pondered this riddle no end and thinks he has a clue to the CIA methodology. The CIA divided the Soviet economy into three sectors, agriculture, industry and all others, with equal weights assigned to each. In each of the two years industry and "all others" grew by about 6 per cent and 4½ per cent, respectively.

But agriculture declined by 2.5 per cent as a result of crop failures. So the slow rate of growth was wholly crop failures (or inefficiency in agricultural production of which Premier Khrushchov has been so critical). Even so, a Soviet growth for industry rate of 6

per cent is most respectable, being almost twice that of the United States.

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THE GOLD production figures of \$150 million to \$175 million a year as estimated by CIA are less easily explained. The Russians have scoffed at these figures but have presented nothing but scoffing. Our own Bureau of Mines put the Russian gold production at \$420 million for 1962 and almost all responsible European authorities put Russian gold stocks far higher than those estimated by the CIA. Since the CIA pronouncement came out, the European reaction has been almost universally to the effect that the CIA was not only inaccurate but was wrong in its main conclusions.

The Boston banker makes a telling point that growth is how you figure it; that you can figure it many ways; that things in the USSR may be pretty bad, but they're much better than they used to be; that you can't add up horses and apples; that the number of persons killed in Russia in World War II (in battle alone) was 7½ million against American battle deaths of 291,000, and that the Russians today don't have the population to grow everywhere at once as they would like to do.

No matter how you look at it, Soviet economy has grown rapidly and industrial output extremely rapidly. Mr. Martin concludes, but it is doubtful whether the Soviets will surpass us in this generation because they are starting from a lower base and don't have the labor force.

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ALL THIS points up our original criticisms of the CIA report, that if it can't at least partially document its evidence, its outgivings will be viewed as purposeful propaganda. If it gives the source of its information it will be breaking security. We are all in favor of the CIA having press interviews and giving to the rest of us some of the choice information, whether obtained from Ambassadors or U-2's, but there has to be substance for what is given out.

We feel the erudite Mr. Martin earned whatever honorarium he may have got in the role of Wellington Burnham lecturer of 1964. He almost unscrewed the inscrutable.